

## **Department of Port Control**

Ord. No.: 375-2019

Business Development and Management

### **EXECUTIVE SUMMARY**

The Department of Port Control is requesting authorization terminating Contract No. CT 3002 LS 2015\*013 with Cumberland TCC1, LLC for the development Site C located between the Rock and Roll Hall of Fame and the Great Lakes Science Center; to enter into an agreement with the Rock and Roll Hall of Fame to develop Site C; and to authorize any other agreements that are necessary.

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#### **Background/Purpose:**

Since signing the Lease agreements with the City of Cleveland for the North Coast Harbor sites A, B and C in 2015, Cumberland Development has completed Nuevo Modern Restaurant (Site A )on the East 9<sup>th</sup> Street Pier and Harbor Verandas (Site B), a three story mixed-use development just north of the Rock and Roll Hall of Fame (RRHF). While Cumberland was contemplating the end-uses for its Site C leasehold, a more impactful development opportunity involving the expansion of the Rock and Roll Hall of Fame emerged from the planning process.

The Rock Hall's proposed \$30 to \$35 million expansion will include expansion of the their existing Museum facility, additional space for exhibition, education, performance, office, library and archives, retail, food and beverage service facilities extra room for back office operations and such other components consistent with a world-class visitor attraction and the their mission to engage, teach and inspire through the power of rock and roll. Exterior modifications are planned to improve the "stage" experience on the steps and lawn, which are currently used as concert space. Lastly, the planned expansion program is expected to create a physical link between the Rock Hall and the Great Lakes Science Center. In order to facilitate the implementation of the project, Cumberland Development agreed to transfer its development rights to the Rock Hall via a formal agreement between the two entities.

The proposed legislation is necessary to authorize the Department of Port Control to terminate Cumberland's interest in Site C early and to enter into a subsequent lease with the Rock Hall for the same property.

#### **Lease Terms:**

The proposed Lease is subject, but not limited to the following material terms:

1. Rock Hall would be required to meet certain milestones to maintain the lease:
  - a. Commence construction of Improvements by 12/31/2021 unless extended by obtaining the following benchmarks:
    - (i) \$15 Million fundraising by 12/31/2021 extends commencement to 12/31/2022

- b. (ii) \$25 Million fundraising by 12/31/2022 – extends commencement to 12/31/23
    - c. Complete construction within 36 months of receipt of first permit.
2. As consideration, Rock Hall has proposed in lieu of an annual base rent, to be responsible, for the costs of all infrastructure installation as they deem necessary for development of the Project. Infrastructure improvements may include, without limitation, those for communication, electric, sewage and water service to Site C. Rock Hall agrees that its minimum investment in infrastructure improvements for the Project shall be in an amount no less than the current appraised value. In the unlikely event the actual cost of infrastructure improvements Rock Hall deems necessary or desirable for the Project do not exceed such minimum investment amount, Rock Hall agrees to deposit the difference into a capital improvements fund for the North Coast Harbor CAM area.
3. The Lease would expire May 11, 2042 (co-terminus with Rock Hall's existing lease) and would include a 49-year option renewable by the Rock Hall (May 11, 2091).
4. The Lease would be non-assignable to a non-affiliated entity, without consent from the City.

**Justification:**

Entering into this lease is advantageous for a number of reasons, including but not limited to the following benefits:

- The Rock Hall has been engaged in a long-term planning effort and has determined that an expansion to the existing facility is necessary to maintain the facility as a first-class cultural institution;
- The project will result in an approximately \$30 to \$35 million investment in the downtown lakefront;
- The project is expected to improve pedestrian connectivity in North Coast Harbor;
- The planned expansion will improve the Rock Hall's capacity to serve the community through educational, event, and cultural programming; and
- The museum hosts nearly 600,000 annual visitors and generates \$200 million in economic impact per year.

**Anticipated Cost:**

There are no anticipated costs.